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C O N F I D E N T I A L SECTION 01 OF 03 MUSCAT 000348

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DEPARTMENT FOR NEA/ARP, NEA/PI, DRL FOR AANZALDUA
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TAGS: [PGOV](#) [PHUM](#) [ELAB](#) [ETRD](#) [KMPI](#) [MU](#)
SUBJECT: ONE YEAR LATER: THE STRIKE AT PORT OF SALALAH-
FUNDAMENTAL ISSUES STILL UNRESOLVED

REF: A. 07 MUSCAT 473
[1](#)B. 07 MUSCAT 531

Classified By: Ambassador Gary A. Grappo for Reasons 1.4 b/d.

[1](#)1. (C) Summary: One year after a May 2007 strike at the Port of Salalah, Oman's largest transshipment facility, contacts suggest that there remains a high degree of distrust between the port's management and its workers. Management has adopted policies to protect itself from future labor unrest, while several of the strike leaders whom the port fired after cessation of the strike are pursuing civil actions for wrongful dismissal. The government, meanwhile, has enlisted management's assistance to establish a union at the port as the centerpiece of its strategy to help improve labor relations. Management, labor and government have yet to develop an effective means of communicating and resolving grievances, a problem, contacts say, that needs to be addressed to avoid future strikes. Post continues to advocate strongly for a senior Omani delegation to visit the U.S. to explore multiple alternatives for dispute resolution.
End summary.

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The Anniversary of a Strike
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[1](#)2. (C) On May 11, 2007, approximately 270 Omani drivers at the Port of Salalah went on strike over wages and work conditions (refs A, B). The strike was the second work stoppage at the port in as many years and the first and largest collective action by workers anywhere in Oman since the labor reforms of 2006, which legalized unions and the right to strike. Contacts suggest that the strike highlighted how unprepared government, labor and management were to respond to a major labor dispute. Management and labor at the port entered the strike with little record of communicating about working conditions, Ministry of Manpower (MOM) officials lacked basic skills in dispute resolution, and the workers largely were unorganized and unaware of their rights and responsibilities under Omani labor law.

[1](#)3. (C) Since the strike, there has been no serious attempt among the three parties to review and learn from the lessons of the work stoppage and what may portend for the future of labor relations in Oman. On the one year anniversary of the strike, contacts indicate that many of the conditions that precipitated it remain unresolved, and that there continues to be a lack of trust and communication between the port's management and its mostly local Omani workforce.

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Management's Hard Line
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14. (C) Management at the port still is largely dismissive of the strike and the workers' core demands. Ahmed Akaak, the Port of Salalah's head of human resources, told poloff that the strike was initiated by a handful of workers who lacked broad-based support among port employees. He complained that the striking workers made unrealistic demands that the port could not meet without sacrificing efficiency or its ability to compete on cost with other ports in the region.

15. (C) For instance, he said, the workers demanded an increase in wages even though the port already paid drivers 250 Omani Riyal (OR) (USD 650) per month - significantly more than the MOM's minimum wage of 170 OR (USD 441) for that position and higher than the average wage for drivers in other regional ports. The workers also demanded a change in overtime policy to give them a long uninterrupted period of rest, which Akaak claimed would have impeded the port's ability to ensure 24-hour coverage. (Note: Drivers and crane operators work a four-day on, four-day off schedule, but the port can call in a worker during his rest period to cover an open shift. End note.) "The workers didn't do their homework (about conditions at other ports) before submitting their demands," he said, and therefore came across as unreliable negotiating partners.

16. (C) Akaak told poloff that since the strike, the port has taken a number of steps to protect itself from future labor unrest. It fired the seven ringleaders of the strike, whom Akaak accused of stoking tribal and family loyalties to rally support for their demands. The port amended new worker contracts to give management the ability to fire a worker for engaging in "illegal strikes." In order to ensure 24-hour

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operations, the port hired an additional 400 expatriates and gave them priority for overtime opportunities during their rest days. "It is the entire local community who lost on this issue," Akaak stated, adding that expatriates are more reliable than Omanis because they "are in country solely to work for you."

17. (C) Akaak acknowledged, however, that the port is relying primarily on locally available labor to fuel its rapid expansion, which should see the addition of five new berths by 2011 and require 1,000 additional workers. (Note: More than 70% of the port's current workforce of 2,000 is Omani. End note.) He stated that the port has instituted a new training program for recruits and, unrelated to the strikers' demands, recently gave workers a 20% increase in their cost of living allowance, which raised drivers' monthly salaries to 300 OR (USD 780).

18. (C) Yet the strike over demands for more money and less work made management question whether Omanis in Salalah are prepared to work for an internationally competitive company. According to Akaak, young people in Salalah grow up seeing their relatives work half-days for the government at full pay and many are shocked when they discover that the port requires them to work 12-hour shifts. The main source of potential labor unrest is not disputes over wage rates, he stated, but whether Omanis are willing to accept what it takes to compete and thrive in the global economy. "The MOM and the local community need to help change cultural attitudes," said Akaak, if Oman and the port are to avoid future strikes.

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The Community's Resentment
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19. (C) Community and worker representatives, however, tell poloff that they are unwilling to accept responsibility for causing the strike. Said al-Shahry, a lawyer and former Majlis al-Shura (the elected lower house of Oman's bicameral advisory body) representative from Salalah who negotiated on behalf of the workers during the strike, criticized the port

for not paying enough attention to workforce development or listening to worker complaints, which he asserted left workers "little choice" but to strike. Shahry told poloff that the workers he represented during talks were largely unsophisticated and few if any had previous work or life experiences outside their local communities. He continued that the employees were completely unprepared to engage in negotiations and that despite his and others' assistance, the company ran roughshod over them. As a result, Shahry claimed, many workers feel that the company took advantage of them.

¶10. (C) Shahry informed poloff that his law firm currently is representing four of the seven workers that the port fired in a civil suit for wrongful dismissal. He stated that the port's management had agreed orally during negotiations to retain all of the workers who were involved in the strike in their same positions. Following the cessation of the strike, however, the port fired the seven workers whom it had identified as ring leaders and "troublemakers." A court of first instance already awarded the workers 25,000 OR (USD 65,000) each, Shahry said, but the port appealed and the sides are waiting for an appellate court's decision. Shahry said that he is prepared to take the case to Oman's Supreme Court. "This is our first real strike (under labor reforms)," Shahry said, "and the outcome of these legal proceedings may set precedent."

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A Union in Management's Clothing?
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¶11. (C) Saleh al-Amri, Director General of Labor Affairs at the MOM, told poloff that the government has focused its efforts since the strike on getting the port's workers unionized. A union would help improve communication between labor and management, he argued, and raise awareness among the port's employees about their rights and responsibilities. He complained, however, that the workers have shown little interest so far in organizing themselves. The Ministry, therefore, approached Akaak and the port's management to help jump start the process, al-Amri stated, and the port is almost finished with its union application. "I know it may not be correct (to work through management)," he said, "but the port must have a union." Akaak told poloff separately

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that the port picked a select group of workers with "the education and world view to lead in a constructive manner" to help craft the union's by-laws and constitution.

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Comment
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¶12. (C) Developments since the strike at the Port of Salalah reflect the state of labor relations nationally, contacts suggest. Management is still suspicious of unions, workers are weak and disorganized, and government is largely unprepared to mediate disputes. One of the biggest problems, contacts say, is that officials in government, business and labor are not talking with each other and that no venue for effective communication exists. Supporting the development of such a venue to help Omanis discuss and learn from events like the Port of Salalah strike presents a good opportunity for future USG assistance to help ensure the success of labor reform in Oman.

¶13. (SBU) One of the principle reasons behind Post's efforts to get Minister of Manpower Juma bin Ali al-Juma to the U.S. is to expose him and his accompanying delegation to new ideas, including the many alternatives available to government, labor and business to resolve disputes (ref C). Post continues to believe strongly that the opportunity for a call on U.S. Secretary of Labor Chou is the hook necessary to persuade Juma to visit the U.S., meet with labor and business

leaders, and identify opportunities for cooperation and growth.
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